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AMD and UMC To Collaborate on 300-MM Wafer Fabrication Facility in Singapore

Companies will Work Together on Technology Development and State-of-the-Art Manufacturing

SUNNYVALE, CA -- January 31, 2002 --AMD and UMC today announced a comprehensive alliance under which the two companies will establish a joint venture to own and operate a state-of-the-art, 300-mm wafer fabrication facility in Singapore for high-volume production of PC processors and other logic products. AMD and UMC also announced plans to collaborate in the development of advanced process technologies for semiconductor logic products. AMD and UMC separately announced a foundry agreement under which UMC will produce PC processors to augment AMD's Dresden Fab 30 production capacity for devices produced on 130-nanometer and smaller-geometry technology.

AMD and UMC will form a joint venture known as AU Pte Ltd. to own and operate the Singapore facility. The two companies expect to begin commercial production in the joint venture facility on 65-nanometer technology in mid-2005.

"Today's agreement reflects an innovative response to the tectonic shift that has changed the fundamental economics of the worldwide semiconductor industry," said W.J. Sanders III, chairman and chief executive officer of AMD. "The advent of 300mm manufacturing ushers in a new era for the semiconductor industry. Megafabs capable of producing complex semiconductor devices in huge volume on advanced process technologies will deliver significant economic benefits, but also entail significant investment that demands efficient use of capital. In this new competitive environment, I believe strategic alliances between leading companies will be the wave of the future."

"This is the first agreement under which a premier foundry company joins forces in a broadly unified partnership with a leading integrated device manufacturer," said Robert Tsao, chairman and chief executive officer of UMC. "I expect our collaboration will set the example for success between pure-play

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foundries and leading semiconductor manufacturers. In the emerging arena of 300-mm manufacturing, the traditional boundaries between these two types of companies will blur as we move toward closer collaboration. Our respective customers around the world will benefit as we join forces to develop leading-edge technology and drive down manufacturing costs through rapid, cost-effective implementation of the most advanced process technologies and manufacturing practices."

"It is time to revisit the basic business model in the semiconductor industry," said Hector de J. Ruiz, president and chief operating officer of AMD. "Flexibility and timing are still the keys to success – but the way to optimize these has fundamentally changed.

"In the era of 300-mm manufacturing, flexibility will be an increasingly important success metric. A 300-mm megafab can achieve cost savings of substantially more than 30 percent compared to today's 200-mm manufacturing facilities. The key to realizing these savings, however, is creating the kind of operational flexibility necessary to maximize utilization rates," said Ruiz. "By joining forces with UMC, we expect to achieve utilization rates that could become a benchmark for the industry."

Ruiz also said that the joint venture with UMC will enable AMD to make the transition to 300-mm manufacturing at precisely the right time. "One of the important benefits of working with UMC on technology development is that we will gain immediate access to an existing 300-mm wafer fab for R&D activities," said Ruiz. "In the next few years, we expect to require substantial additional production capacity. We believe the optimum time for us to make the transition to high-volume production on 300-mm wafers is in the mid-2005 time frame when we expect to be starting production on the 65-nanometer node.

By working together with UMC on technology development for 300-mm manufacturing, we expect to achieve a very smooth transition," said Ruiz.

Ruiz also cited a process technology development collaboration between AMD and Motorola as a model for future joint efforts with industry-leading partners.

"Our activities with UMC will closely parallel the way we have worked with Motorola," said Ruiz. "With Motorola, we have shown we can maintain a leadership position in critical process technology while controlling technology development costs. The truly extraordinary results of

our Fab 30 in Dresden show that geographically distributed development teams can deliver results that exceed our expectations, as well as those of our customers," Ruiz concluded.

About AMD

AMD is a global supplier of integrated circuits for the personal and networked computer and communications markets with manufacturing facilities in the United States, Europe, Japan, and Asia. AMD, a Fortune 500 and Standard & Poor's 500 company, produces microprocessors, flash memory devices, and support circuitry for communications and networking applications. Founded in 1969 and based in Sunnyvale, California, AMD had revenues of \$3.9 billion in 2001. (NYSE: AMD). AMD can be found on the web at <http://www.amd.com>.

About UMC

UMC (NYSE: UMC, TSE: 2303) is a world-leading semiconductor foundry that manufactures advanced process ICs for applications spanning every major sector of the semiconductor industry. UMC delivers the cutting-edge foundry technologies that enable sophisticated system-on-chip (SOC) designs, including 0.13-micron copper/low k, embedded DRAM, and mixed signal/RFCMOS. In addition, UMC is a leader in 300mm manufacturing with three 300mm fabs strategically located worldwide to serve our global customer base: Trecenti Technologies in Japan, Fab 12A in Taiwan, and UMCi in Singapore (completion in 2002). UMC employs over 8,500 people worldwide and has offices in Taiwan, Japan, Singapore, Europe, and the United States. UMC can be found on the web at <http://www.umc.com>.

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